



State of Utah

Department of Environmental Quality

Dianne R. Nielson, Ph.D.
Executive Director

DIVISION OF DRINKING WATER
Kenneth H. Bousfield, P.E.
Director

Drinking Water Board
Anne Erickson, Ed.D., *Chair*
Myron Bateman, *Vice-Chair*
Ken Bassett
Daniel Fleming
Jay Franson, P.E.
Helen Graber, Ph.D.
Paul Hansen, P.E.
Laurie McNeill, Ph.D.
Dianne R. Nielson, Ph.D.
Petra Rust
Ron Thompson
Kenneth H. Bousfield, P.E.
Executive Secretary

JON M. HUNTSMAN, JR.
Governor

GARY HERBERT
Lieutenant Governor

MINUTES OF THE DRINKING WATER BOARD MEETING HELD ON MAY 11, 2007 IN SALT LAKE CITY, UTAH

Board Members Present

Anne Erickson, Chair
Ken Bassett
Daniel Fleming
Jay Franson, P.E.
Paul Hansen, P.E.
Dianne Nielson, Ph.D.
Petra Rust
Ronald Thompson

Board Members Excused

Myron Bateman
Helen Graber, Ph.D.
Laurie McNeill, Ph.D.

Staff

Ken Bousfield
Ken Wilde
Bill Birkes
Rich Peterson
Karin Tatum
Mike Grange
Patti Fauver
Julie Cobleigh
Brad Holdaway
Michael Mortensen
Heather Bobb
Linda Matulich

Guests

George Grover, Holliday Water Co.
Marlin Sundberg, Holliday Water Co.
Kevin Brown, Sunrise Engineering
Ken Snook, Spring Glen Water Co.
Bob Wood, Richland
J. Craig Smith, Smith Hartvigsen
Mark Haik, self
Kelly Fine-Jensen, CitiCourt
Grant Smith, Town of Portage
Bud Knudsen, Town of Portage
Scott Archibald, Sunrise Engineering
George Mason, Cross Hollow Hills
McKay Morgan, Town of Circleville
Marty Morgan, Town of Circleville
John Hawkins, Silver Spurs Water
Scott Wilson, Central Iron County WID
Larry Howell, Town of Portage
Patrick Foary, Mt. Tabby Improvement
Craig Winder, Dammeron Valley
Larry Brough, Enoch City
Jon Sebba, Nolte Engineering
Robert Haight, Nolte Engineering
Eric Franson, Circleville Town
Claudia Wheeler, Metropolitan WDSLS
Al Deware, Erda Acres
John Flint, Summit Water
Sharilyn Patwardham, Summit Water
Doug Evans, Rural Water Association
Paul Fulgham, Rural Water Association
Dale Pierson, Rural Water Association
Mike Goodman, Mt. Tabby Improvement
Paul Ashton, Holliday Water Co.
Randy Cassidy, Oquirrh Mtn. Water
Laura McIndee, Town of Alta

Guests Continued

Christopher Robinson, Oquirrh Mtn. Water
Randy Williams, Salt Lake County Health Dept.
Fred Nelson, Attorney Generals Office
Keith Hanson, Salt Lake Cty. Service #3

Guests Continued

Erick Johnson, Bond Counsel
Gerard Meyers, Mt. Tabby Improvement
Doug Hogan, Tooele County Attorney
Kate Black, Town of Alta

ITEM 1 – CALL TO ORDER

The Drinking Water Board convened in Salt Lake City, Utah with Chairman Erickson presiding. The meeting was called to order at 1:05 p.m.

ITEM 2 – ROLL CALL

Chairman Erickson asked Ken Bousfield to call roll of the Board members. The roll call showed there were 8 members present.

ITEM 3 – INTRODUCTIONS

Chairman Erickson welcomed everyone and asked the guests to introduce themselves.

ITEM 4 – MINUTES – March 2, 2007

a) Approve Board Meeting Minutes

Chairman Erickson stated a motion was in order to approve the Minutes of the March 2, 2007 Board meeting would be in order.

Ronald Thompson moved to approve the March 2, 2007 Drinking Water Board minutes.

Daniel Fleming seconded.

**CARRIED
(Unanimous)**

b) Review Itinerary Minutes

Chairman Erickson stated the Minutes for the March 2, 2007 Board Tour are for review.

ITEM 5 – PUBLIC (HEARING) MEETING ON BODY POLITIC

Chairman Erickson reported that changes will be made to this agenda item. Some additional information will be presented. This agenda item will be changed from a Public Hearing to a Public Meeting. Chairman Erickson reported that she conferred with Fred Nelson, Attorney General for the Board, on the changes that needed to be made, and was advised it would be acceptable.

Chairman Erickson reported that the Board had discussed and decided on some new language for the proposed rule. The new language was handed out and was displayed on a screen for the public to view.

Chairman Erickson asked the Board members if they would like to give any additional comments on the Body Politic Rule.

Chairman Erickson invited the audience to come up to the table to offer any comments to the Board.

Comments were received from the Board and the audience.

Chairman Erickson thanked everyone for their comments.

Chairman Erickson mentioned the Body Politic Rule will be revised to meet the concerns presented today. Another public meeting will be held on the changes that will be made to the Body Politic Rule.

Chairman Erickson closed the Public Meeting.

ITEM 6 – SRF/CONSERVATION COMMITTEE REPORT

Jay Franson chaired agenda item 6.

1) Status Report

Ken Wilde reported the Board has \$3,667,000 available in the State SRF Fund. The Board will receive just over \$7 million from repayments and sales tax receipts over the next year. There are 7 projects that have been authorized, but haven't closed yet. Glen Canyon Special Service District (SSD) will be closing their loan on Monday, May 14, 2007. Vernon closed their loan on May 7, 2007.

Ken Wilde reported the Board has \$5,000,000 available in the Federal SRF Fund. The Board will receive another \$12,500,000 over the coming year, which will give the Board almost \$18,000,000 to use in the Federal program. A list of tentative closing dates is in the Board packet. Portage will be ready to close their loan the end of May.

a) Project Priority List

Ken Wilde reported staff is requesting the Board approve the updated Project Priority List. Skyline Mountain Special Service District is being added to the Project Priority List.

Ronald Thompson moved the Board approve the updated Project Priority List.

Ken Bassett seconded.

**CARRIED
(Unanimous)**

b) Loan Origination Fee and Reauthorization of Loans that have not been closed

Ken Wilde reported staff was successful in getting House Bill 99 approved by the Legislature in the last session. House Bill 99 gives the Board certain authorities in addition to ones the Board already has.

Ken Wilde mentioned one of the new authorities for the Board will enable the Board to charge a loan origination fee which will be due at the time of the loan closing. Ken reviewed some background on this new charge.

Ken Wilde mentioned a 30 day notice will go out to the public through the newspaper. Staff will also send out the 30 day notice to the League of Cities and Towns and others about the proposed change. Staff will hold a public meeting at the end of the 30 day period for the public to be able to provide any comments. Ken said he would like to look at the possibility of placing the loan origination fee on the grant requests during the 30 day public comment period.

Ken Wilde mentioned staff will give a report on the public meeting and discuss their findings and options to the Board. Staff will request, at that time, that the Board adopt the Loan Origination Fee.

Discussion followed.

Ronald Thompson moved the Board authorize staff to post a proposal to adopt a Loan Origination Fee for the 30-day public comment period as described below:

The Board reauthorize all of the State SRF and Federal SRF loans listed in the two attached tables with the addition of a Loan Origination Fee as follows:

- a. The loan origination fee and grant origination fee would be at 1% of the principle amount of the loan at the time of closing, and being able to adjust the 1% fee, if it generates more than what is needed to cover the expenses of staff, and to be able to make that adjustment before it becomes final.**
- b. The fee would be due and payable by the applicant at loan closing.**
- c. If the applicant closes the loan prior to the completion of the 30-day period, the applicant may elect to have the Division bill the applicant on a quarterly or semi-annual basis for the cost of administering the project, including pre-closing, construction oversight, and close out charges in lieu of requiring payment of the loan origination fee at loan closing.**
- d. The Board may change the amount of the Loan Origination Fee, at their discretion.**

Question on motion.

Fred Nelson was asked to look at the Legislation language during this process.

Paul Hansen seconded.

**CARRIED
(Unanimous)**

2) State SRF Applications

a) Enoch City Planning Loan

Julie Cobleigh reported Enoch City is requesting a planning loan of \$36,000 to complete a water system master plan. The plan is also being funded by Central Iron County Water Conservancy District (CICWCD), and they will be contributing a \$20,000 grant for the project. The plan will provide an explanation on the deficiencies of the present water system, projections of the improvements that will be needed to upgrade the existing system, and expanding the distribution, storage and source capacity to meet the future demands of growth. The plan will also address possible synergies with CICWCD. Enoch City will also conduct a water survey rates service charge schedule, a connection fees study, an impact fee analysis, a developer capital improvement program, and a water conservation plan. The SRF Conservation Committee is recommending a \$36,000 planning loan at 0% for 5 years.

Larry Brough, Enoch City representative, and Scott Wilson, CICWCD, representing Enoch City, addressed the Board.

Discussion followed.

Daniel Fleming moved the Board authorize a \$36,000 planning loan to Enoch City at 0% for 5 years, repaying \$7,200 annually beginning one (1) year from the date the loan agreement is signed, with the condition that they resolve the appropriate issues on their compliance report.

Petra Rust seconded.

**CARRIED
(Unanimous)**

b) Circleville Town

Mike Grange reported Circleville Town is requesting \$477,983 in financial assistance for some drinking water system improvements. This request is in 2 stages. In the first stage, Circleville Town initially requested \$235,983 to refinance an existing Rural Development loan. In the second stage, Circleville Town requested for \$242,000 to rehabilitate the canyon spring, that was damaged during a forest fire, improve the collection area, replace inadequate fencing, install approximately 1,000 feet of 6-inch transmission line, make improvements to their town culinary well, replace a section of damaged distribution line, and correct and address compliance issues that were identified during the September 2005 sanitary survey.

State Statute does not allow refinancing existing debt under the loan program, therefore, the Division of Drinking Water reduced their request to the amount of \$242,000 on the construction loan. Staff recommends the Board authorize the \$242,000 construction loan at 2.85% for 20 years, including a loan origination fee authorized by the Board and at the amount authorized by the Board, with the condition that the Town of Circleville correct system deficiencies and compliance issues, and do whatever is necessary to become an approved water system. The existing \$20,000 planning loan that was previously authorized to Circleville would be rolled into the construction funding at loan closing.

Eric Franson, McKay Morgan and Marty Morgan, Circleville Town representatives, were available for comments and questions from the Board.

Ronald Thompson moved the Board authorize a \$242,000 construction loan at 2.85% interest for 20 years with a 0.5% loan origination fee as authorized by the Board, with the condition that they correct system deficiencies and compliance issues and do whatever is necessary to become an “approved” water system. The existing \$2,000 planning loan will be rolled into the construction funding at loan closing.

Discussion followed.

Ken Bassett seconded.

Ronald Thompson moved to amend his motion that the Board authorize a \$242,000 construction loan at 2.85% for 20 years with the amended loan origination fee at 0.5 % or 1% or whatever the Board sets the loan origination fee at, as authorized by the Board, with the condition that they correct system deficiencies and compliance issues and do whatever is necessary to become an “approved” water system. The existing \$2,000 planning loan will be rolled into the construction funding at loan closing.

Ken Bassett seconded.

**CARRIED
(Unanimous)**

c) Escalante Update

Karin Tatum gave an update on CIB’s authorization to Escalante at their Board meeting in April 2007. CIB authorized a \$910,895 grant and a \$1.25 million loan for 30 years at 2.5% in addition to the Drinking Water Board’s grant and loan of \$600,000 and \$1.56 million respectively. This brings the total of the project funding to \$4.3 million. Escalante is thinking about doing their project in 2 phases. The closing for the 2 phases should be completed in the next 6 months.

3) Federal SRF Applications

a) Croydon Deauthorization

Ken Wilde reported the Board authorized a loan at the August 13, 2004 Board meeting to Croydon. At that time, the average monthly cost per household was about \$100. Croydon chose not to proceed with the loan. Croydon hasn't been able to come up with an alternate proposal to come back to the Board, yet. Staff asked Croydon in January 2007 to respond and they haven't responded, yet. Staff proposes the Board deauthorize the loan. Croydon can come back to the Board with a new proposal when they are ready.

Discussion followed.

Petra Rust moved the Board authorize staff's recommendation to deauthorize the \$327,000 loan to Croydon Pipeline Company.

Ronald Thompson seconded.

**CARRIED
(Unanimous)**

b) Portage Additional Funding

Julie Cobleigh reported the Town of Portage is requesting additional funding in the amount of \$131,000 for increased construction costs. The Board authorized a loan of \$546,000 at 2.57% for 20 years, and a grant of \$544,500 to develop their Upper Spring, construct a new 500,000 storage tank, as well as install transmission lines at the September 9, 2005 Board meeting. Portage has been waiting for a water rights change application to go through, which was completed in January 2007. The project opened for bids in February, and the low bidder came in higher than what was originally budgeted for, and they used up most of their contingency money. Therefore, the SRF Conservation Committee recommends a \$611,000 construction loan at 2.12% for 25 years, a \$610,500 grant, and to approve the modified repayment schedule that is included in the packet.

Grant Smith, Bud Knudsen and Larry Howell, Portage Town representatives, were available for any questions and comments for the Board.

Mayor Larry Howell addressed the Board.

Discussion followed.

Paul Hansen moved the Board authorize an increase in the original funding to the Town of Portage to a \$611,000 construction loan at 2.12% for 25 years, a \$610,500 grant, and approve the modified repayment schedule in the packet.

Daniel Fleming seconded.

**CARRIED
(Unanimous)**

c) Erda Acres Special Service District

Karin Tatum reported that the SRF Conservation Committee met a few weeks ago. Karin gave an update to the Board on the project. Karin attended a meeting on March 23, 2007 with the Tooele County Commissioners, the county engineer, the local health department, and the consulting engineers to discuss this project in more detail. The proposed funding package presented at that meeting is in the packet. A lot of options were discussed.

Al Deware, Erda Acres Special Service District, Kevin Brown, Sunrise Engineers, and Doug Hogan, County Attorney, representing Erda Acres Special Service District, were available for comments and questions from the Board.

Kevin Brown presented some background history on Erda Acres Special Service District's project to the Board.

Karin Tatum mentioned there may be a contribution from the Airport as well as possibly from the County Commission, which was discussed in the March 23, 2007 meeting. Karin reviewed a potential funding package she put together as a result of the March 23, 2007 meeting.

Karin Tatum mentioned the Erda Acres Special Service District's project will be brought to the Board when it is finalized and ready for presentation.

Doug Hogan, County Attorney, addressed the Board.

Discussion followed.

ITEM 7 – AUTHORIZATION TO PROCEED WITH RULE ADOPTION – 2/LT2/LT1

Patti Fauver reported staff is requesting approve the process for rulemaking for the rest of the Stage 2/LT2/LT1 Rules. There were some minor changes the Board approved at the last Board meeting for staff to go to rulemaking. The changes were in the last packet.

Ronald Thompson moved the Board authorize staff to proceed with filing the effective notices for R309-105, 110, 210, 215, 220, and 225.

Paul Hansen seconded.

**CARRIED
(Unanimous)**

ITEM 8 – MOUNTAIN VIEW COMMUNITY PARK PENALTY REVISION

Patti Fauver reported Mountain View Community Park met with her and John Oakeson about three weeks ago about paying the \$3,500 penalty and providing information to staff so they could determine what type of a public water system Mountain View has. They submitted a lot-by-lot listing of the individuals that lived year round at system. It is a combination trailer park/recreational vehicle (RV) community. The total number of people year round is 24. They have other connections where no one stayed more than six months out of the year. With this information, they become classified as non-transient non-community water system based on the number of people served by the

system. They were ready to pay the penalty. It would be nice if they could do some inorganics testing with their quarterly bacteriological samples. But as a non-community system, they are not required to have an inorganics sample. In the interest of public health, and with children and adults living there, perhaps the penalty amount could be reduced on a new chemistry source. A new chemistry source would give us some background levels on all of the naturally occurring minerals.

Discussion followed.

Paul Hansen moved the Board authorize staff's recommendation to revise the stipulated penalty imposed on Mountain View Community Park, LLC (UTAH20034) to allow for the submittal of an invoice for a Total Inorganic Water Chemistry to reduce the penalty by a like dollar amount. The total of the analytical cost and the residual penalty will remain at \$3,500.

Petra Rust seconded.

Discussion on motion.

Jay Franson moved to amend the motion to include this as an exception to the rule. This is not standard policy. Staff thinks this information is needed for the benefit of public health and to be able to receive credit. They need to provide the information to the Drinking Water Board within 30 days. The information will be shared with the residents that are impacted.

Ronald Thompson seconded.

**CARRIED
(Unanimous)**

ITEM 9 – STATUS ON THE ANTIMONY VARIANCE FOR THE TOWN OF ALTA

Chairman Erickson reported that the Town of Alta received a variance for Antimony from the Board at the March 3, 2006 Board meeting.

Ken Bousfield reported Mark Haig gave testimony that raised some questions from the Board. The Board issued a Variance to the Town of Alta with certain conditions attached. The Town of Alta was directed to report back to the Board documenting that they didn't have access to any water to help dilute their existing source in order to comply with Antimony.

Ken updated the Board at the March 2, 2007 Board meeting on the information staff received from Alta supporting their contention. Ken received a phone call from Mark Haig before the March 2, 2007 Board meeting, wherein Mr. Haig requested an opportunity to address the Board at the May 11, 2007 meeting.

Discussion followed.

Mark Haig presented to the Board his reasons why he thinks the Town of Alta didn't meet the requirements of the Board's Variance conditions.

Chairman Erickson thanked Mark Haig for his report.

ITEM 10 – CHAIRMAN’S REPORT

Dianne Nielson reviewed a letter that is being written to the Senators and Representatives for the State of Utah addressing Funding for the State Safe Drinking Water Program. The letter will go out under Chairman Erickson’s signature, representing the Board. The Board members have a copy of the letter, and were asked to provide any comments and/or changes to the letter.

Comments and/or changes were provided. The letter will be finalized for signature before the end of the Board meeting, and mailed.

Ken Bassett moved the Board authorize Chairman Erickson, representing the Board, to sign the letter for mailing.

Ronald Thompson seconded.

**CARRIED
(Unanimous)**

ITEM 11 – DIRECTORS REPORT

a) Division Reorganization

Ken Bousfield mentioned there is a current organizational chart and a new organizational chart in the packet. Ken reported on the process and restructuring of the Division.

Ken Bousfield introduced 2 new employees: Michael Mortensen, Environmental Engineer, and Brad Holdaway, Environmental Scientist.

Michael Mortensen gave some background on his school and work experience.

Brad Holdaway gave some background on his school and work experience.

b) Division Planning Retreat

Ken Bousfield reported the Division held their annual retreat on April 10 – 11, 2007. Anne Erickson and Paul Hansen, represented the Board, at the annual retreat. Some goals were written for the Board to accomplish this coming year.

Ken Bousfield reported staff completes a weekly and a monthly report on their activities and accomplishments, and he sends the reports to the Executive Director. Anne Erickson and Paul Hansen were asked if the Board members would like to receive a copy of the weekly and monthly reports at the annual retreat. Ken will start sending the reports to the Board members.

Ken Bousfield mentioned the Board members that attend the annual retreat each year offer valuable comments and recommendations for staff on items to work on during the coming year. Staff values and appreciates the input they receive from the Board members.

c) Division Budget Issues

Ken Bousfield reported that one of the items the Division is looking at right now is an increase in program funding. To address this need, staff are investigating the possibilities of seeking Work Force Services money for Operator Certification Program training and certification, and Cross Connection Control or Backflow Program technician certification training.

Also, the Federal SRF application that staff submits as an “Intended Use Plan” will be increased by approximately \$50,000, to cover the existing short fall this year. Staff will be using a loan origination fee to recover the costs associated with state based federal assistance.

d) Division’s Work with Lorna Rosenstein Regarding Fluoride

Ken Bousfield reported that staff is working with Lorna Rosenstein on the fluoride presentation she made at the Board meeting on March 3, 2007. During the meeting with Lorna Rosenstein, staff defined the issues they could and couldn’t address. Ken gave an update on the meetings with Lorna and staff is working on the Fluoride issues she reported on at the Board’s March 2, 2007 Board meeting.

Ken Wilde reported staff will be applying for the 2007 Capitalization Grant. Staff will be providing an Intended Use Plan with the Capitalization Grant. The reports tell what staff has done with the money in the past, what the plan is for spending the Grant money, what the management plans are, detailing the Set Asides, the justification of all of the grants received to date, and how staff is breaking down what we will do with the Set Asides, and the total will be a 20% match of the federal money. Staff takes the state match and the same amount will become Set Asides, which will give staff \$8,229,000 for the loan program. The next section shows some financial material.

Chairman Erickson thanked Ken Wilde for staff’s hard work on this information.

ITEM 12 - NEWS ARTICLES

The new articles are in the packet.

ITEM 13 – LETTERS

The letters are in the packet.

ITEM 14 – NEXT BOARD MEETING

The next Board meeting will be held on July 13, 2007 in Cedar City, Utah. A breakfast will be provided with the tour of the Central Iron County regional project in the morning. Lunch will be provided. The Board meeting will be in the afternoon.

Ken Wilde updated the Board on the Shakespear Festival play on Thursday evening, tour with breakfast, lunch and the Board meeting.

ITEM 15 – OTHER

No other business.

ITEM 16 – ADJOURN

Chairman Erickson stated a motion was in order to adjourn the Board meeting was in order.

A motion was made and seconded to adjourn the Drinking Water Board meeting at 3:55 pm.

**CARRIED
(Unanimous)**

Linda Matulich
Recording Secretary